

# Highway Operations

Analyst: Otto

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2019 Total App</b>	<b>FY 2019 Actual</b>	<b>FY 2020 Approp</b>	<b>FY 2021 Request</b>	<b>FY 2021 Gov Rec</b>
<b>BY FUND CATEGORY</b>					
Dedicated	158,810,100	154,927,900	164,852,600	180,559,200	178,625,600
Federal	35,356,400	31,446,700	38,028,100	39,244,300	38,926,500
<b>Total:</b>	<b>194,166,500</b>	<b>186,374,600</b>	<b>202,880,700</b>	<b>219,803,500</b>	<b>217,552,100</b>
Percent Change:		(4.0%)	8.9%	8.3%	7.2%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	97,736,200	86,365,900	100,286,100	103,682,300	101,430,900
Operating Expenditures	59,377,100	63,346,800	60,846,100	66,969,200	66,969,200
Capital Outlay	19,736,200	19,980,900	22,617,600	28,170,100	28,170,100
Trustee/Benefit	17,317,000	16,681,000	19,130,900	20,981,900	20,981,900
<b>Total:</b>	<b>194,166,500</b>	<b>186,374,600</b>	<b>202,880,700</b>	<b>219,803,500</b>	<b>217,552,100</b>
Full-Time Positions (FTP)	1,202.00	1,202.00	1,202.00	1,202.00	1,202.00

## Division Description

The Highway Operations Division performs statewide highway maintenance functions and directs highway improvements; administers federal-aid safety improvement projects and safety tasks; protects highways from oversize, overweight, and dangerous usage; manages federal transit grant programs and encourages coordinated transportation services; develops projects to improve state and local highway systems to save lives; and coordinates transportation research efforts.

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## FY 2019 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
0.30	FY 2019 Original Appropriation								
	0260-02	Ded	942.00	83,709,800	54,590,800	19,736,200	462,000	0	158,498,800
	0260-05	Ded	4.50	230,500	80,800	0	0	0	311,300
	0260-03	Fed	255.50	13,795,900	4,705,500	0	16,855,000	0	35,356,400
	Totals:		1,202.00	97,736,200	59,377,100	19,736,200	17,317,000	0	194,166,500
1.00	FY 2019 Total Appropriation								
	0260-02	Ded	942.00	83,709,800	54,590,800	19,736,200	462,000	0	158,498,800
	0260-05	Ded	4.50	230,500	80,800	0	0	0	311,300
	0260-03	Fed	255.50	13,795,900	4,705,500	0	16,855,000	0	35,356,400
	Totals:		1,202.00	97,736,200	59,377,100	19,736,200	17,317,000	0	194,166,500
1.21	Net Object Transfer								
	0260-02	Ded	0.00	(8,349,500)	6,144,600	2,204,900	0	0	0
	Totals:		0.00	(8,349,500)	6,144,600	2,204,900	0	0	0
1.31	Net Transfer Between Programs								
	0260-02	Ded	0.00	0	(30,000)	(2,115,700)	0	0	(2,145,700)
	0260-03	Fed	0.00	0	(120,000)	55,200	0	0	(64,800)
	Totals:		0.00	0	(150,000)	(2,060,500)	0	0	(2,210,500)
1.41	Receipt to Appropriation								
	0260-02	Ded	0.00	0	731,000	261,900	0	0	992,900
	Totals:		0.00	0	731,000	261,900	0	0	992,900
1.61	Reverted Appropriation								
	0260-02	Ded	0.00	(44,500)	(2,190,000)	(161,600)	(95,600)	0	(2,491,700)
	0260-05	Ded	0.00	(157,300)	(80,400)	0	0	0	(237,700)
	0260-03	Fed	0.00	(2,819,000)	(485,500)	0	(540,400)	0	(3,844,900)
	Totals:		0.00	(3,020,800)	(2,755,900)	(161,600)	(636,000)	0	(6,574,300)
2.00	FY 2019 Actual Expenditures								
	0260-02	Ded	942.00	75,315,800	59,246,400	19,925,700	366,400	0	154,854,300
	State Highway (Dedicated)			75,315,800	59,246,400	19,925,700	366,400	0	154,854,300
	0260-05	Ded	4.50	73,200	400	0	0	0	73,600
	State Highway (Local)			73,200	400	0	0	0	73,600
	0260-03	Fed	255.50	10,976,900	4,100,000	55,200	16,314,600	0	31,446,700
	State Highway (Federal)			10,976,900	4,100,000	55,200	16,314,600	0	31,446,700
	Totals:		1,202.00	86,365,900	63,346,800	19,980,900	16,681,000	0	186,374,600
Difference: Actual Expenditures minus Total Appropriation									
	0260-02	Ded		(8,394,000)	4,655,600	189,500	(95,600)	0	(3,644,500)
	State Highway (Dedicated)			(10.0%)	8.5%	1.0%	(20.7%)	N/A	(2.3%)
	0260-05	Ded		(157,300)	(80,400)	0	0	0	(237,700)
	State Highway (Local)			(68.2%)	(99.5%)	N/A	N/A	N/A	(76.4%)
	0260-03	Fed		(2,819,000)	(605,500)	55,200	(540,400)	0	(3,909,700)
	State Highway (Federal)			(20.4%)	(12.9%)	N/A	(3.2%)	N/A	(11.1%)
	Difference From Total Approp			(11,370,300)	3,969,700	244,700	(636,000)	0	(7,791,900)
	Percent Diff From Total Approp			(11.6%)	6.7%	1.2%	(3.7%)	N/A	(4.0%)

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## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2020 Original Appropriation</b>	<b>1,202.00</b>	<b>0</b>	<b>202,880,700</b>	<b>1,202.00</b>	<b>0</b>	<b>202,880,700</b>
Sick Leave Rate Reduction	0.00	0	0	0.00	0	(225,600)
<b>FY 2020 Total Appropriation</b>	<b>1,202.00</b>	<b>0</b>	<b>202,880,700</b>	<b>1,202.00</b>	<b>0</b>	<b>202,655,100</b>
Removal of Onetime Expenditures	0.00	0	(26,538,900)	0.00	0	(26,538,900)
Base Adjustments	0.00	0	0	0.00	0	0
Restore Ongoing Rescissions	0.00	0	0	0.00	0	225,600
<b>FY 2021 Base</b>	<b>1,202.00</b>	<b>0</b>	<b>176,341,800</b>	<b>1,202.00</b>	<b>0</b>	<b>176,341,800</b>
Benefit Costs	0.00	0	2,537,400	0.00	0	(539,700)
Inflationary Adjustments	0.00	0	3,571,300	0.00	0	3,571,300
Replacement Items	0.00	0	28,211,100	0.00	0	28,211,100
Statewide Cost Allocation	0.00	0	(43,000)	0.00	0	(43,000)
Change in Employee Compensation	0.00	0	858,800	0.00	0	1,684,500
<b>FY 2021 Program Maintenance</b>	<b>1,202.00</b>	<b>0</b>	<b>211,477,400</b>	<b>1,202.00</b>	<b>0</b>	<b>209,226,000</b>
3. Highway Operations Equipment	0.00	0	454,400	0.00	0	454,400
6. Intelligent Transportation System	0.00	0	2,754,700	0.00	0	2,754,700
8. Grant Management Software Application	0.00	0	190,000	0.00	0	190,000
9. GIS Integration Initiative	0.00	0	1,635,000	0.00	0	1,635,000
11. Federal Funds	0.00	0	3,267,000	0.00	0	3,267,000
12. Visitor Centers Payment to Commerce	0.00	0	25,000	0.00	0	25,000
<b>FY 2021 Total</b>	<b>1,202.00</b>	<b>0</b>	<b>219,803,500</b>	<b>1,202.00</b>	<b>0</b>	<b>217,552,100</b>
Change from Original Appropriation	0.00	0	16,922,800	0.00	0	14,671,400
% Change from Original Appropriation			8.3%			7.2%


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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2020 Original Appropriation</b>					
The Legislature funded five line items for FY 2020: These included \$2,343,200 for highway operations equipment; \$750,000 for data analytics software; \$1,255,000 for GIS integration initiative; \$582,900 for FAST Act increases; and \$1,416,000 for federal grants received for public transportation.					
	1,202.00	0	164,852,600	38,028,100	202,880,700
<b>Sick Leave Rate Reduction</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends a six-month reduction of funding for employers who contribute to the PERSI-managed sick leave plan. This reduction will begin to draw down the reserve balance, which has grown significantly during the past several years.</i>					
Governor's Recommendation	0.00	0	(193,800)	(31,800)	(225,600)
<b>FY 2020 Total Appropriation</b>					
Agency Request	1,202.00	0	164,852,600	38,028,100	202,880,700
Governor's Recommendation	1,202.00	0	164,658,800	37,996,300	202,655,100
<b>Removal of Onetime Expenditures</b>					
This action removes amounts for replacement items and line items funded on a onetime basis in FY 2020.					
Agency Request	0.00	0	(24,372,900)	(2,166,000)	(26,538,900)
Governor's Recommendation	0.00	0	(24,372,900)	(2,166,000)	(26,538,900)
<b>Base Adjustments</b>					
The department requests a fund shift in the amount of \$484,000 from the State Highway (Federal) Fund to the State Highway (Dedicated) Fund to align its appropriation with available funding.					
Agency Request	0.00	0	484,000	(484,000)	0
Governor's Recommendation	0.00	0	484,000	(484,000)	0
<b>Restore Ongoing Rescissions</b>					
Agency Request	0.00	0	0	0	0
<i>The Governor recommends restoration of the sick leave rate reduction.</i>					
Governor's Recommendation	0.00	0	193,800	31,800	225,600
<b>FY 2021 Base</b>					
Agency Request	1,202.00	0	140,963,700	35,378,100	176,341,800
Governor's Recommendation	1,202.00	0	140,963,700	35,378,100	176,341,800
<b>Benefit Costs</b>					
Employer-paid benefit changes include an 18.9% increase (or \$2,200 per eligible FTP) for health insurance, bringing the total appropriation to \$13,850 per FTP. Also included are a one-year elimination of the unemployment insurance rate, a restoration of the Division of Human Resources rate, and adjustments to workers' compensation that vary by agency.					
Agency Request	0.00	0	2,179,400	358,000	2,537,400
<i>The Governor recommends no increase for health insurance due to fewer claims than expected and changes to federal tax policies; a one-year elimination of the sick leave rate and the unemployment insurance rate; restoration of the Division of Human Resources rate; and adjustments for workers' compensation rates.</i>					
Governor's Recommendation	0.00	0	(463,600)	(76,100)	(539,700)
<b>Inflationary Adjustments</b>					
The department requests \$3,571,300 or a 6.12% increase in general inflation due to an increase in costs for highway maintenance, repair and maintenance, fuel and lubricants, utilities, and supplies.					
Agency Request	0.00	0	3,571,300	0	3,571,300
Governor's Recommendation	0.00	0	3,571,300	0	3,571,300

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Replacement Items</b> 					
The division requests \$28,211,100 to replace computers, chairs, monitors, cordless drills and batteries, various tools, mobile radios, a hose reel, office equipment, and various trucks and equipment that may be eligible for the Buy Back Program.					
Agency Request	0.00	0	28,211,100	0	28,211,100
Governor's Recommendation	0.00	0	28,211,100	0	28,211,100

## Statewide Cost Allocation

This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Attorney General fees will decrease by \$11,400, and risk management costs will decrease by \$31,600, for a net reduction of \$43,000.

Agency Request	0.00	0	(43,000)	0	(43,000)
Governor's Recommendation	0.00	0	(43,000)	0	(43,000)

## Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	0	737,600	121,200	858,800
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*The Governor recommends a 2% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions. The Governor recommends the pay structure for state employees be moved by 3% and includes \$200 for that purpose.*

Governor's Recommendation	0.00	0	1,447,000	237,500	1,684,500
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## FY 2021 Program Maintenance

Agency Request	1,202.00	0	175,620,100	35,857,300	211,477,400
Governor's Recommendation	1,202.00	0	173,686,500	35,539,500	209,226,000

## 3. Highway Operations Equipment

## Highway Operations

The department requests a onetime appropriation of \$454,400 from the State Highway (Dedicated) Fund for equipment purchases in Districts 1, 2, 4, 5, and 6, and funding for an inventory management system. The inventory management system is \$70,000 ongoing and would provide 3D models of physical objects. The department believes that this will help with inventory levels as it was tested by District 6 in 2018.

New/additional equipment includes:

One side dump trailer for \$55,000;

Truck equipment attachments for \$60,000; and

other equipment to include floor jack, scalers, drills and bits, repeaters, saws, speed limit boards, and more totaling \$269,400.

Agency Request	0.00	0	454,400	0	454,400
Governor's Recommendation	0.00	0	454,400	0	454,400

## 6. Intelligent Transportation System

## Highway Operations

The departments requests \$2,754,700 from the State Highway (Dedicated) Fund, with \$5,700 ongoing and \$2,749,000 onetime, to fund a replacement of its Intelligent Transportation System (ITS). Currently, the department is using a system called inet but the contract will expire in June of 2020 with an option to extend the contract, if needed. This request would fund a contract project manager at \$300,000, \$100/hour for 3,000 hours, a business analyst for \$270,000, \$90/hour for 3,000 hours, \$5,700 for software licensing, and \$2,179,000 to purchase, configure, train staff, and implement a new system. The department estimated these amounts based on the market rate for the contracted employees, as well as the amount it paid for the inet system in 2012, and added a 10% contingency.

Analyst Note: It is likely this project will span multiple fiscal years as the current contract expires in June of 2020 and it will take time to go out for an RFI, an RFP, and start implementing the new contract.

Additionally, this request was submitted to the Office of Information Technology Services and was neither approved nor denied. The office noted that it intended to be neutral on the subject.

Agency Request	0.00	0	2,754,700	0	2,754,700
Governor's Recommendation	0.00	0	2,754,700	0	2,754,700

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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## 8. Grant Management Software Application

## Highway Operations

The department requests \$190,000, with \$130,000 onetime and \$60,000 ongoing, for a new grant management software application. This request includes \$120,000 from the State Highway (Federal) Fund with a state match of \$70,000 from the State Highway (Dedicated) Fund. This software would help to manage federal grants received from the Federal Highway Administration, Federal Transit Association, Federal Aviation Administration, and National Highway Traffic Safety Administration and would require a 42% match of state funds.

Agency Request	0.00	0	70,000	120,000	190,000
Governor's Recommendation	0.00	0	70,000	120,000	190,000

## 9. GIS Integration Initiative

## Highway Operations

The department requests \$1,635,000 onetime from the State Highway (Dedicated) Fund to build out a Geographic Information Systems (GIS) Linear Referencing System (LRS) to bring all road and bridge data, operational data, and data from other state agencies into one universal system. This request would fund year three of a four year project estimated to cost \$4,000,000.

The LRS is used to define all major assets through milepost, highway number, and locational data. The entire process will encompass upgrading the GIS database, provide an inventory and mapping capability, create a dual carriageway representation of the roads, and integrate LRS with all business operational systems at the department.

As of September 30, 2019 the division had spent \$168,000 of its FY 2020 total appropriation of \$1,255,000. During the first quarter the department has hired a project manager, established a team, scheduled team meetings, and set-up additional meetings with the districts.

The request for \$1,635,000 includes:

\$240,000 to contract services for a project manager to develop business requirements, implement the project, and develop and deliver training (2,000 hours at \$120/hour);

\$170,000 to contract services for two business analysts to gather information for requirements, data analysis, and testing (2,000 hours each at \$100/hour);

\$480,000 to contract two developers to build out the solution and integrate systems (4,000 hours at \$120/hour); and

\$745,000 for vendor specific professional services to provide GIS specific skills and knowledge.

Agency Request	0.00	0	1,635,000	0	1,635,000
Governor's Recommendation	0.00	0	1,635,000	0	1,635,000

## 11. Federal Funds

## Highway Operations

The department requests \$3,267,000 from the State Highway (Federal) Fund in trustee and benefit payments for federal grants awarded by Federal Transit Administration (FTA), National Highway Traffic Association (NHTSA), and the Federal Highway Administration (FHWA). This request includes \$75,000, ongoing, and \$3,192,000, onetime. The entirety of this request is pass-through federal funds with no state match for grants received from the FTA, NHTSA, and FHWA.

Agency Request	0.00	0	0	3,267,000	3,267,000
Governor's Recommendation	0.00	0	0	3,267,000	3,267,000

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>12. Visitor Centers Payment to Commerce</b>					<b>Highway Operations</b>
The department requests \$25,000, ongoing, from the State Highway (Dedicated) Fund to pay the Department of Commerce for the Gateway Visitor Centers. Prior to FY 2020, this was included as legislative language in the appropriation bill but was taken out because the department decided to do an MOU to pay the Department of Commerce instead. Now the agency is requesting additional appropriation for the MOU.					
Analyst Note: Reversions in the Highway Operations Division have averaged \$849,400 from the State Highway (Dedicated) Fund in operating expenditures over the last five years, but the department believes additional appropriation is necessary.					
Agency Request	0.00	0	25,000	0	25,000
Governor's Recommendation	0.00	0	25,000	0	25,000
<b>FY 2021 Total</b>					
Agency Request	1,202.00	0	180,559,200	39,244,300	219,803,500
Governor's Recommendation	1,202.00	0	178,625,600	38,926,500	217,552,100
Agency Request					
Change from Original App	0.00	0	15,706,600	1,216,200	16,922,800
% Change from Original App	0.0%		9.5%	3.2%	8.3%
Governor's Recommendation					
Change from Original App	0.00	0	13,773,000	898,400	14,671,400
% Change from Original App	0.0%		8.4%	2.4%	7.2%